

FIT Hon Teng Limited

鴻騰六零八八精密科技股份有限公司

(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)

Stock Code : 6088

2021

ESG Insight Report



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Environmental

FIT Net Zero by 2050.

Hon Hai, our parent company, has submitted SBTi commitment at group level with 2020 as the base year. The commitment states that GHG emission shall be reduced by 42% comparing to 2020 by the year 2030. Such commitment has been submitted for review, and is expected to be approved by 2023.

Setting ESG Base Year as 2020, same as the Group, FIT plans to complete Scope 1, 2 and 3 calculation by 2023. The next steps for FIT is to conduct feasibility test, then set short-, mid- and long-term goals for net zero path that are built on Group's target.

Environmental-Related Certifications

Certification	Location	Verification Authority
ISO 50001	Mainland China	
	• Chongqing	• CQC
	• Huaian, Shenzhen	• ESI
	• Kunshan	• WIT Assessment
ISO 14001	Mainland China	• Mainland China: SGS
	• Chongqing, Chiangxi. Huaian, Heze, Kunshan, Shenzhen, Zhengzhou	
	Vietnam	• Vietnam: TUV-Nord
ISO 14064-1	Mainland China	• TUV-Nord
	• Chongqing - partial, Huaian - partial, and Kunshan - partial	

No material non-compliance cases against environmental laws and regulations noted during operation in 2021.

Energy Consumption

		Units	2021	2020	2019
Energy Consumption	Electricity	Thousand KWH	510,265.51	534,067.05	495,773.05
	Diesel (fixed combustion source)		12.23 ³	23.03	8.30
	Diesel (mobile combustion source) ²	Ton	30.09	33.10	27.32
	Gasoline (mobile combustion source)		118.11	106.53	386.14
	Natural Gas ³	Cubic meters	3,494,900.69	1,665,557.87	1,142,642.67
	Steam	Ton	144,555.58	170,617.27	176,487.95

		Units	2021	2020	2019
Energy Consumption (density) ^①	Electricity	Thousand KWH/ Million USD	113.64	123.77	113.39
	Diesel (fixed combustion source)		0.0027	0.0053	0.0020
	Diesel (mobile combustion source) ^②		0.0067	0.01	0.01
	Gasoline (mobile combustion source)	Ton/ Million USD	0.03	0.02	0.09
	Natural Gas ^③		778.34	385.99	261.33
	Steam		32.19	39.54	40.36

(1) Density is calculated based on the production value (operating income) as disclosed in FIT's 2021 annual report.

(2) Due to decrease in diesel usage in Vietnam factory.

(3) The increase due to the expansion of factories in Mainland China, new workshops require greater use of natural gas as a cleaner energy source.

Achievements and Goals

TYPE		2021 GOAL (Base year 2020)	Achieved	2022 GOAL (Base year 2021)
Energy Use	Energy density ^①	At least 1% lower	Partially Achieved ^②	At least 1% lower
	Total Energy Consumption:			
	Mainland China factory	Reduce by 5%	Yes ^③	Reduce by 5%
	Vietnam factory	Reduce by 1%	No	Reduce by 1%
Water Resource	Water use	Decrease by 10%	No	Decrease by 10%
Wastewater	Wastewater discharge density ^①	Decrease by 5%	No	Decrease by 5%
Solid Waste	Hazardous waste discharge density ^①	Decrease by 5%	No	Decrease by 5%
	Non-Hazardous waste discharge density ^①	Decrease by 5%	No	Decrease by 5%
Greenhouse Gas	Carbon dioxide emission equivalent intensity	At least 1% lower	Yes	At least 1% lower ^①

(1) a. Density calculated according to output value.

b. Base year 2019.

(2) Electricity, diesel (fixed and mobile combustion), steam, all achieved well over targets. With increases in gasoline and natural gas intensity.

(3) Used significantly less energy except for natural gases.

Belkin Goals by 2025



100% renewable energy.



Scope 2 GHG emission neutrality



Reduce single-use plastics by 25%



Use at least 30% of Recycled PET plastic

Energy Management

FIT organized different departments in different regions to better promote internal energy management.

Mainland China factories:

Energy Conservation Technology Development Committee

Vietnam factories:

Energy Conservation Technology Development Committee

Belkin:

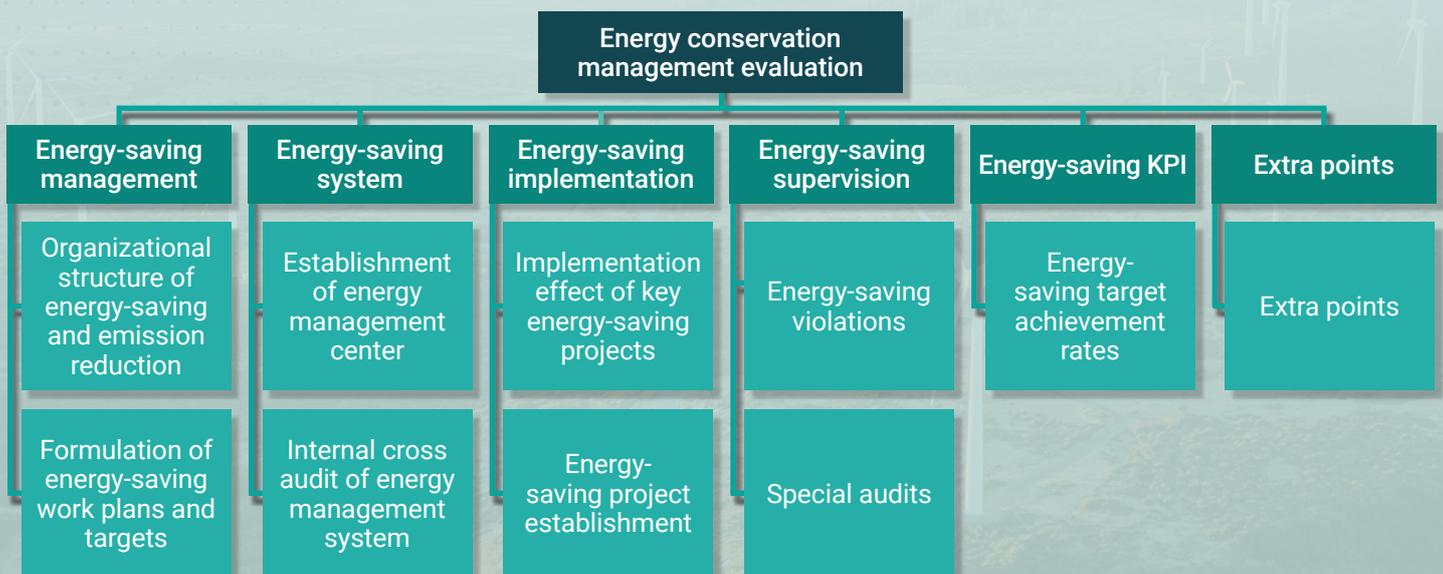
The Sustainability Department

The Committee is composed of directors from different factories or fields, whose main responsibilities include regularly following up on the progress of the Company's energy saving goals in different factories, conducting energy audits and management, reviews and improvements on a regular basis, continuously promoting energy saving projects, and promoting various energy saving methods for employees.

Monthly audits for each production area by emission reduction teams, then centrally collected and submitted to the FIT Energy Conservation Technology Development Committee for further investigation.

Review and improvement

To comprehensively assess the implementation of energy-saving management and the achievement of energy-saving targets, FIT carries out regular energy management evaluation, see chart for factors of evaluation. FIT offers different rewards for better performing production areas, hoping that these benefits will continue to encourage employees to reach consensus and work together to achieve energy saving goals.



GHG Emissions

	Units	2021	2020	2019
GHG				
Emission 1	tCO ₂ e	8,679.81	7,512.86	1,644.60
Emission 2	tCO ₂ e	310,205.74	338,332.34	497,929.89
Total	tCO ₂ e	318,885.55	345,845.21	499,574.50
Density				
Emission 1	tCO ₂ e/ million USD	1.93	1.74	114.26
Emission 2	tCO ₂ e/ million USD	69.08	78.41	

FIT submitted the CDP climate change questionnaire in 2022.

For GHG data, the Group uses Turbo Carbon system to collect quarterly data in various fields, it automatically calculates carbon emissions in various areas and generate online carbon emissions analysis reports. FIT plans to adopt the same method for GHG data collection.

Exhaust Emissions Management

Exhaust Emissions ¹	Units	2021	2020	2019
Hydrogen cyanide	Kg	199.06	164.06	164.29
Ammonia	Kg	195.21 ²	566.15	439.75
Sulphuric acid mist	Kg	1,936.56	3,527.35	813.16
Hydrogen chloride	Kg	3,805.27	4,681.52	4,617.76
Chromic acid mist	Kg	6.42	6.90	7.75
Nitrogen oxide	Kg	1,306.62	978.26	885.86

(1) Air emissions are mainly from FIT's production factories in mainland China.

(2) This is due to the decrease in the testing data of the three factories in Huai'an/Kunshan-Dianfa/Chongqing in 2021, but they are all below the regulatory control standards.

Climate Change Response and Management

Major Climate Management System –
FIT's guidance to prevent and control impacts from extreme weather.

FIT continues to pay attention to climate change, conducts regular risk assessment, actively identifies the impact of climate change on itself and employees, constantly improves the corresponding control measures, and provides training courses to employees to promote the sustainable development of the Company.

Mainland China factories have "Major Climate Response Management Group" and the main responsibilities include collecting data on and analyzing climate change, holding meetings according to the specific situation, initiating emergency response during a disaster, arranging post-disaster resumption work, reviewing the work implementation status under the disaster circumstance, and conducting statistical analysis of the disaster situation.

Factory preparations to combat extreme weather in 2021:



Baoke Factory :
Added typhoon emergency plan



Kunshan Factory :
Carried out pre-flood sandbag inspection



Vietnam Factory :
Major climate response to flood prevention

Water management

	Units	2021	2020	2019
Water Management				
Water Consumption	Ton	6,425,292	5,735,144	5,642,316
Water Consumption Density	Ton/ Million USD	1,431.00	1,329.12	1,290.44
Effluents				
Industrial Wastewater	Ton	1,160,033	1,084,810	1,246,840
Industrial Wastewater Intensity	Ton/ Million USD	258.35	251.40	285.16
Domestic Wastewater	Ton	2,312,075	2,060,488	2,205,154
Domestic Wastewater Intensity	Ton/ Million USD	514.91	477.52	504.34

Effluents: Wastewater management and monitoring

Wastewater is managed through Waste Water Management and Control Operating System. FIT has set up wastewater recycling operations in each production area.

Industrial wastewater is mostly generated from production and support processes such as manufacturing processes, surface treatment and water purification, while household wastewater is mostly generated from living facilities such as dormitories, commercial areas, restaurants, and toilets.

Initiatives in different regions:

Mainland China:

Functional discharge monitoring system – abnormality detection, warning and monitoring functions. All discharge data, including the amount of wastewater effluent and the quality of wastewater accurately monitored.

FIT Kunshan Plant:

"Zero discharge" of nickel-containing water – investment of about RMB 45 million to upgrade wastewater facilities. Currently, the system has been in trial operation for more than 4 months.

FIT Vietnam Sewage Plant:

Commissioned in 2021 MBR process, equipped with an automatic detection system and an independent laboratory.

Waste Management

	Units	2021	2020	2019
Solid Waste				
Hazardous waste	Ton	3,945.26	3,423.90	3,208.84
Non-hazardous waste	Ton	28,781.37	27,541.04	24,975.94
Total waste	Ton	35,688.63	30,964.94	28,184.79
Density				
Hazardous waste	Ton/ Million USD	0.88	0.79	0.73
Non-hazardous waste	Ton/ Million USD	6.41	6.38	5.71

The Company has formulated the Waste Management and Control Operating System, and Hazardous Waste Management and Control Practice. During the production process, waste is collected and carefully sorted by recyclables, toxic materials and then handed over to external suppliers for further processing.

FIT Mainland zero waste project (ZWP)

With assistance and motivation from Apple Inc., the FIT Mainland China region has participated in the Zero-waste project. A project team has been formed by the Environmental Engineering Department, and led by various business units of different factories. Currently, the Shenzhen and Kunshan factories have successfully obtained UL2799 platinum certification, the Huai'an factory is currently in the process of certification, and it is planned that the rest of the factories be fully implemented and certified in Mainland China.

Belkin

Developed a list of restricted substances, eliminating hazardous chemicals and replacing them with alternatives that are safer for the environment. In order to further reduce waste materials in the production of products, "Life Cycle Assessment" (LCA) will be used in product design to analyze the product from raw materials, production, transportation, product use and maintenance to disposal or recycling.

Packaging Material

Packaging materials	Units	2021	2020	2019
Packaging materials Total	Ton	35,116.59	50,715.13	42,856.58
Packaging materials Density	Ton/ Million USD	7.82	11.75	9.80

Achievements:



↓40%

FIT:
Paper packaging reduction 40%



↓25%

Belkin:
Plastic packaging reduction 25%

Strive for improvement:



↑15.9%

FIT:
Single use plastic increase 15.9%

Social

Labor Relations

No material non-compliance against labor laws and regulations, as well as those relating to prevention of child and forced labor in 2021.

FIT adheres to the principles of fairness, equality and non-discrimination. In addition to merit-based recruiting, employees from different regions, gender, age, nationality, ethnicity, religion are considered. FIT provides people with disabilities with certain equal employment opportunities on the basis of meeting job needs.

FIT has introduced initiatives to support a diverse workforce, including employee affinity groups, diversity councils, and networking groups. Initiatives also go beyond legal compliance, such as targeted recruitment, training and guidance regarding diversity and mentorship programmes. These diversity initiatives are also imposed in managerial and board-level responsibility.

Internal Policies

Company policies formulated for the protection of employees include regulations for:

- Employee Recruitment Operations
- Basic Manpower Recruitment Operations
- Labor Protection of Female Employees
- Prohibition of the Use of Involuntary Labor
- Protection for Juvenile/Young workers
- Prohibition of Child Labor
- Working Hour and Overtime Management

Labor Unions

FIT allows labor unions to be established in various FIT Mainland China and Vietnam factories. The unions are divided into four groups: Union Group, Factory Union Group, Business Labor Union Group, Business Union Group.

Employee Structure and Turnover Rate

Employee Structure		2021	2020	2019			
Total		56,457	53,060	45,920			
Employment Type	Full-Time	56,453	53,053	45,902			
	Part-Time	4	7	18			
Employee breakdown and Turnover Rate		Persons	Turnover Rate (%)	Persons	Turnover Rate (%)	Persons	Turnover Rate (%)
Gender	Female	29,382	17.77	27,973	15.92	23,465	17.41
	Male	27,075	21.39	25,087	20.29	22,455	18.61
Regional Distribution	Mainland China	27,471	32.00	29,389	27.38	24,761	27.45
	Taiwan	970	13.00	933	11.06	795	11.17
	Vietnam	27,004	34.71	21,613	36.08	19,143	35.34
	United States	1,012	13.14	795	8.83	789	16.42
	Others	0	/	330	19.12	432	17.08

Development and Training

FIT attaches great importance to the professional development of employees, the training system includes:

- New employee training
- Cadre training
- Incumbent employee training
- Epidemic training
- Special job training: training and self-learning, professional qualification certification
- Lecture series: external and internal lecturers
- Language training

In 2020 total training time is 1,350,227 hours, average 29.31 hours of training per employee.

Staff Training (Hours/Person)	2021	2020	2019
Senior Management	31.55	24.92	17.47
Middle Level Management	18.02	17.93	22.97
Grassroot Staff	29.71	29.57	36.49

FIT is committed to providing career development and training opportunities for its staff who it considers to have the suitable experience, skills and knowledge with an aim to promote them to senior management or Directors. FIT will also ensure that there is gender diversity in staff recruitment at mid to senior levels so as to develop a pipeline of potential successors to the Board.

Production safety

No material non-compliance cases against occupational safety related laws and regulations in 2021.

Safety Committee

FIT has set up committees related to safety and health in its factories which are responsible for coordinating safety management and actively implementing various laws, regulations and systems related to production safety.

	2021	2020	2019
Work-related injuries	104	85	122
Work-related fatalities	2	2	0
Rate of work-related fatalities (%)	0.0035	0.0037	0
Proportion of work-related death*	1.92%	2.35%	0
Workdays lost due to work-related injuries	4,645.50	3,244.50	3,659.25

* Proportion of work-related death = Work-related fatalities/ work-related injuries.

Emergency Response

FIT has strict procedures for accidents notification and handling for fires, hazardous gas leakage, and medical emergencies.

- FIT Mainland China factories: Comprehensive Emergency Plan for Production Safety Accidents and "Group Work Injury Management Rules."
- FIT Vietnam: Emergency Response Management Specifications.
- Belkin: chapter of Emergency Action Plan in its OH&S Policy.

Fire Safety

• Inspections:

Regular inspections of fire and emergency facilities (daily, weekly, monthly, quarterly and half-yearly fire patrol and fire equipment inspection and testing.)

• Fire Drills:

Regular fire drills are practiced. Fire emergency response teams guide employees to be familiarized with the fastest escape routes. Drills adjusted according to actual situation (eg, drills changed to small-scale due to impact of the pandemic during reporting period).

For example, Huai'an Factory trainings include 35 fire drills and exams (100% pass rate).

• Trainings:

"New Work Safety Law" training, "Fire Safety Training", "Occupational Hygiene and First Aid Knowledge Training."

Construction Safety – FIT Vietnam

Code of Practice for Construction Safety Management clarifies the responsibilities of construction-related business units and personnel, and to comprehensively improve the supervision of construction safety. Violations, irregularities or safety hazards call for improvement or suspension.

- Annual signing of the Engineering Safety and Environmental Protection Agreement.
- Signing of the Construction Commitment and the Record of Construction Safety Education and Training before each project.
- Random safety audits by the Safety Department of FIT Vietnam.

Hazardous Chemicals

Each factory has an internal management system for hazardous chemicals, such as Hazardous Chemicals Safety Management System and the Emergency Plan for Hazardous Chemicals and Belkin's Hazard Communication Program. Managers and operators must undergo pre-job training. Hazardous chemicals are stored in independent separate warehouses with full-time management personnel.

Safety Training

Special Training:

New employees, personnel changing job types, personnel doing special work, personnel doing dangerous work, and key personnel in charge, and regular safety education programs.

Annual Training:

All employees, such as lecture, table-top exercise, and drills. Annual emergency drills for members of the emergency rescue organization to make evaluation, summary and identify problems according to the effect of the drill to continuously improve the safety training process for employees and the safety management system of FIT. Emergency drills are conducted annually and cover all members of the emergency rescue organization.

Occupational Health and Safety

Certifications

Certification	Location	Verification Authority	Valid Till
ISO45001	Mainland China (Chongqing, Huaian, Kunshan, Shenzhen, Zhengzhou), Vietnam	SGS UK	Apr 2023
QC080000	Mainland China, Vietnam	-	-

No violation of occupational hazard requirements in 2021.

Occupational Hazard

• Testing

Monthly: In highly toxic workplaces.

Semi-annual: Control evaluation to further strengthen the intensity of occupational safety control.

Annually: Occupational hazards. (mainly industrial dust, chemical toxicants and physical hazards.)

Every 3 years: Assessment on occupational hazards status.

• Awareness

To ensure employees have a full understanding of the relevant occupational hazards and to strengthen awareness, many measures are in place:

- Employees to sign a notification of occupational hazards when entering the factory.
- Warning signs and notification cards on site.
- Annual declarations of occupational health factors.
- Occupational health training courses.

Occupational Health Check-Ups

• Annual health checkups for employees (FIT Vietnam, Mainland China factories, Belkin)

FIT Vietnam:

"Occupational Illness Physical Examination Standards" stipulates situations for more frequent check-ups such as for workers engaged in heavy lifting, hazardous and dangerous work.

FIT Mainland China factories:

Pre-job, on-the-job, and off-the-job physical examinations, reassignments to more suitable positions or supervision for employees with abnormal medical results.

Belkin:

Annual physical examinations.

Operations Management

No material non-compliance cases against product, service, privacy, and intellectual property related laws and regulations in 2021.

QMS Certification

Certification	Content	Location
ISO9001	Quality Assurance System	Mainland China, Taiwan, Vietnam
IS13485	QMS medical devices	Mainland China, Taiwan
IATF16949	QMS automotive industry	Mainland China, Taiwan

Customer Privacy Protection

FIT always strictly complies with laws and regulations related to customer information and privacy protection. FIT has “Security Control Operating system for Confidential Projects”, which clearly stipulates that the relevant information of customers and suppliers is only to be used for matters related to FIT operations, and strictly prevents the loss or illegal use of customer information. Major measures include:

- Signing confidentiality agreements.
- Training and education courses on customer privacy protection to strengthen employees’ awareness of information security prevention.
- Formulating information leakage remediation plans.
- Establishing confidential project incident-handling teams.

In 2021, the Company did not have any major customer privacy violations.

Intellectual Property Protection

FIT attaches great importance to innovation and intellectual property development, and considers the protection of its own and business partners' intellectual properties as an important aspect of social responsibility. The Company strictly follows international guidelines relating to intellectual property management, and formulated the “Intellectual Property Application Procedures” to standardize the Company’s related work in intellectual property management.

Supply Chain Management

Supplier Regions	2021	2020	2019
Mainland China	1,286	1,237	1,196
HK, Macau and Taiwan	320	383	377
Overseas	397	336	152
Total	2,003	1,956	1,725

Internal Policies

FIT in Mainland China, Taiwan and Vietnam:

- Operating System for Procurement Quality Control.
- Operating System for Vendor Quality Control.
- Measures for Control of Green Supplier Selection and Assessment.

Belkin:

Requires suppliers to comply with Code of Conduct. It carries out internal social responsibility audit to measure the supplier's work on human rights, labor laws, and employee health and safety. The Supplier Quality Assurance Team conducts regular on-site visits and has the ultimate veto power to halt production or operations if critical issues have been identified in the event that a supplier fails to perform or performs poorly.

FIT:

FIT strongly complies with green supply concept and promotes the importance of selection of more environmentally friendly, green products and services in the daily procurement processes through implementation of "Green Supplier Selection and Evaluation Control Operation Measures". FIT compels suppliers to improve product quality while taking into account green, safety and social security to achieve sustainable supply and development.

Supplier Admission

FIT chooses suitable suppliers based on aspects of audit status, their compliance with corresponding systems, and their effectiveness of risk management. Simultaneously, each purchasing unit also considers whether suppliers can meet the standards for environmental management substance control. Suppliers who fail to meet the relevant system certification and management system qualifications will not be included in the list of qualified suppliers by FIT.

Supplier Evaluation and Daily Management

FIT established a detailed supplier evaluation system, which includes monthly performance appraisal of suppliers, annual audit of suppliers, supplier environmental management risk assessment, environmental substance investigation, supplier social and environmental responsibility (SER) risk assessment, supplier Conflict Mineral surveys, etc.

Monthly Performance Audit

1. Evaluate through scorecard.
2. Cover quality, supply chain support, technical support, etc.
3. If suppliers score below 60 points for three consecutive months, they will be included in the supplier review.

Annual Audit

1. Combine supplier transaction status, abnormal quality and environmental protection, customer complaint status, and risk level, etc.
2. The audit cycle of the same supplier does not exceed 12 months.

Environmental Risk Evaluation

1. Include the supplier's manufacturing origin, management system, industry status, environmental compliance, supplier's goodwill, etc.
2. Evaluate risk level based on the results: high, medium, and low.

Environmental Substance Investigation

1. Namely SVHCs substance investigation;
2. FIT conducts investigations on suppliers to find out whether their products contain corresponding environmental management substances.

Supplier Social Environmental Responsibility Risk Assessment

Such assessment includes the basic attributes of the supplier, the supplier management system, such as ISO14001, ISO45001, the supplier's labor, ethics, health and safety, and environmental performance

Supplier Conflict Mineral Investigation

1. Investigate whether relevant metals are involved in supplier's products.
2. The results are divided into non-conformity, conditional conformity and full conformity.
3. Take corresponding control measures for supplier companies with different results.

Supplier Termination Management

FIT regularly identifies suppliers with poor competitiveness and high risks, such as those with excessive environmental management substances, those that have been rated as unqualified and reconfirmed as unqualified, and those that violate quality and procurement contractual terms, etc., while avoiding potential factors such as quality, environmental management, and SER risks. According to the evaluation results, FIT begins a freezing process for these suppliers and sets a deadline for them to make improvements and implements elimination control.

Supplier GHG Footprint Management

FIT initiated the supply chain carbon management in 2022. As this is the beginning, questionnaires were distributed to suppliers to know where they stand in terms of carbon footprint calculation and furthermore, plan for carbon neutrality. The system to be used to track and understand each supplier's progress is one called GHG Management Platform, a resource shared with Foxconn Group. FIT plans to provide targets and goals to selective suppliers in 2023.

Governance

Board of Directors

The Board is responsible for the overall leadership, oversees our strategic decisions and monitors our business and performance. All Directors shall ensure that they execute their duties in good faith, in compliance with applicable laws and regulations and in a manner consistent with the interests of FIT and the Shareholders at all times. FIT has maintained appropriate liability insurance for legal proceedings against directors.

During 2021, the Board held 5 Board meetings and 1 general meeting. The Board of Directors composition as of 24th June 2022:

Director	Name	Gender	Age	Position	Appointed	Board Meeting Attendance	General Meeting Attendance
Chairman Executive	LU Sung-Ching Sidney	M	63	FIT CEO	2013	80%	0%
Executive	LU Pochin Christopher	M	63	FIT COO, CFO	2015	100%	100%
Executive	PIPKIN Chester John	M	61	Belkin Executive Chairman	2019	100%	100%
Non-Executive*	TRAINOR-DEGIROLAMO Sheldon	M	58		2019	100%	100%
Independent Non-Executive	CURWEN Peter D	M	63		2016	100%	100%
Independent Non-Executive	TANG Kwai Chang	M	69		2016	100%	100%
Independent Non-Executive	CHAN Wing Yuen Hubert	M	64		2016	100%	100%

* Originally appointed as independent director, re-designated as non-executive Director on March 17, 2022.

Chairman and CEO:

In view of the current status of the Group's development, the Board considers that the same individual who performs two positions of chairman and chief executive officer can provide a strong and consistent leadership to the Company and be conducive to the implementation and execution of the Group's business strategy. Also, the Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority are governed by the operations of the Board which comprises experienced and high calibre individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. Nevertheless, we will review the structure from time to time based on changing circumstances. The Board will continue to evaluate the situation and consider the separation of the roles of chairman and chief executive officer when appropriate, taking into account the then general conditions of the Group.

Functional Committees

Audit Committee

4 audit committee meetings were held in 2021.

Position	Name	Attendance	Board
Chairman	TANG Kwai Chang	100%	Independent Non-executive Director
Member	CURWEN Peter D	100%	Independent Non-executive Director
Member	CHAN Wing Yuen Hubert	100%	Independent Non-executive Director

Nomination Committee

The Nomination Committee assesses candidates or incumbents on the basis of integrity, experience, skills, time, diversity and effort devoted to the performance of their duties. The recommendations of the Nominating Committee will then be submitted to the Board for decision. 1 meeting was held in 2021.

Position	Name	Attendance	Board
Chairman	LU Sung-Ching	100%	Executive
Member	CURWEN Peter D	100%	Independent Non-executive Director
Member (2021/1-2021/3, re-appointed 2022/3) ^①	CHAN Wing Yuen Hubert	100%	Independent Non-executive Director
Member (2021/3 - 2022/3) ^①	TRAINOR-DEGIROLAMO Sheldon	- ^②	Non-executive

(1) Mr. TRAINOR-DEGIROLAMO Sheldon appointed as member effective March 29, 2021, though due to his re-designation as a non-executive Director on March 17, 2022 and in order to comply with Listing Rules, was replaced by Mr. CHAN Wing Yuen Hubert. Mr. TRAINOR-DEGIROLAMO Sheldon was not required to attend any ESGC meeting in 2021.

(2) As this director is not required to attend any ESGC meeting in 2021.

Board Diversity Policy

The Company believes that board diversity will have substantial benefit in improving its performance. Therefore, the Company has adopted a board diversity policy to ensure that the diversity of Board members be considered from a number of perspectives. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board plans to appoint at least one female Director by December 31, 2024. The Company values gender diversity and will continue to take steps to promote gender diversity at all levels of the Company, in particular at the Board level.

Remuneration Committee

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. 3 meetings were held in 2021.

Position	Name	Attendance	Board
Chairman	CHAN Wing Yuen Hubert	100%	Independent Non-executive Director
Member	TANG Kwai Chang	100%	Independent Non-executive Director
Member	TRAINOR-DEGIROLAMO Sheldon	100%	Non-executive Director

ESG Committee

2 ESG committee meetings were held in 2021.

Position	Name	Attendance	Board
Chairman	CURWEN Peter D	100%	Independent Non-executive Director
Member	PIPKIN Chester John	100%	Executive Director
Member (appointed 2022/3)	TRAINOR-DEGIROLAMO Sheldon	- ^①	Non-executive Director
Member (ceased 2022/3)	CHAN Wing Yuen Hubert	100%	Independent Non-executive Director

(1) Mr. TRAINOR-DEGIROLAMO Sheldon was not required to attend any ESGC meeting in 2021.

FIT's Board of Directors authorizes the ESG Committee members to manage FIT's ESG-related matters. An annual meeting is held to review the Company's ESG efforts for the year and upcoming year's improvement and other responsibilities including:

- 1 Accept regular reports from the Company's SER Committee;
- 2 Monitor how the Company communicates with its stakeholders, and ensure that there are appropriate communication policies to promote the relationship between the Company and its stakeholders;
- 3 Review the work of the SER Committee; and
- 4 Review important ESG plans and make recommendations to the Board for approval, including but not limited to: ESG-related risk assessment, goals, annual ESG reports, ESG emergency response, etc.

SER Committee

FIT's SER Committee consists of sub-committees such as Labor and Ethics, Safety and Health, Environmental Protection, System Management, and Fraud Prevention.

The Company's "ESG Emergency Reporting Mechanism" clarifies the definition and level of ESG crisis events, emergency responses and reporting procedures, and the reporting levels of different events. Employees are also trained on how to respond in emergencies during new employee training, and are provided with crisis contact information for guidance.



Whistleblowing

FIT encourages employees to report any suspected misconduct in real names and offers internal whistleblowing channels. Reporting channels range from written mails, telephone hotline, e-mail, QQ, WeChat. These anti-corruption reporting channels are also available to report on violations of suppliers.

On Aug 9, 2022, the Whistle-blowing Policy has been adopted by the Board, which stipulate the Audit Committee shall supervise the implementation of the whistleblowing policy and designate the Internal Audit Department and the Legal Department to be responsible for policy implementation and investigations into reported cases.

Governance

The Internal Audit Department and the Legal Department are responsible for investigating the reported cases. After receiving of the reported information, the Internal Department and Legal Department will set up an investigation team to investigate whether the information reported by a whistleblower is true, and whether the Company's personnel or the manufacturer is involved in illegal activities or improper conduct and has thus violated the Company's rules or regulations, and may assist in handling the transfer of evidence to legal authorities for prosecution. The Internal Audit Department and the Legal Department shall submit their investigation results, findings of any deficiencies and suggestions to the Audit Committee.

FIT takes every reported incident seriously and ensures that each case is well handled. All reported information is kept confidential and FIT does not discriminate or treat whistleblowers differently due to the reporting.



Compliance and Anti-Corruption Policies

Internal guideline:

"Code of Conduct for Combating Corruption, Promoting Integrity, Prosperity, and Eliminating Maladies" for directors and employees.

Training new employees:

Specifically trained in this area and "Employee Handbook" covers topics such as the process for handling reports, compliance operations, anti-corruption behaviour, and corresponding disciplinary actions.

"Xiangxin" App:

Promotes anti-corruption efforts internally.

Training ongoing:

Total 15,366 hours of online anti-corruption training during reporting period, average 1 hour/employee at production sites in Mainland China, Taiwan, and Vietnam.

Business partners:

Strict requirements requiring suppliers to sign a letter of commitment (with anti-corruption-related clauses) and conducting periodic social responsibility assessments for suppliers.

In 2021, FIT has 0 anti-corruption related case.

Anti-corruption	2021	2020	2019
Number of closed cases	0	0	2